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South Africa, Republic of

Canned Deciduous Fruit

Annual

2006

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Report Highlights:
South Africa's fresh deciduous fruit deliveries (apricots, pears, and peaches) for canning totaled 271,818 MT in 2005/6, which is a 2.8% decrease from the previous year because of last year's series of abnormal weather conditions that reduced the amo unt of available fruit for processing.

The canned deciduous fruit industry increased its exports by 4.4% to reach 157,000 MT, while imports are expected at around 430 MT. The season is also expected to remain with a reduced stock (2%).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1]
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Table of Contents

Executive Summary

South Africa's fresh deciduous fruit deliveries (apricots, pears, and peaches) for canning totaled 271,818 MT in 2005/6, which is a 2.8% decrease from the previous year because of last year's series of abnormal weather conditions that reduced the amount of available fruit for processing.

The 2005/6 updated figures indicate a 56% increase in fresh apricot deliveries for canning because of low quality production of stonefruit resulting from abnormal weather conditions. Pears sent for canning increased slightly (2%) because of improved quality that caused more fruit to be sold in the fresh markets. However, fresh peach deliveries for canning decreased by 18% because of lower total production compared to last year.

Canned deciduous fruit industry increased its exports by 4.4% to reach 157,000 MT, while imports are expected at around 430 MT. The season is also expected to remain with a reduced stock (2%).

Production

Background

The canned fruit industry was deregulated from government (pricing and export) control boards in 1997, through the Agricultural Product Marketing Act of 1996. The industry formed the Deciduous Fruit Canners Association to promote their interests.

South Africa's annual canning season starts in November and ends in May, the following year. Apricots are the first fruit to be delivered for processing in November, peaches are canned in January, pears in March, and apples in May. However, fruit overlaps often occur within canneries because of either increased amount of one type of fruit, or early/late harvesting, depending on the season.

Most of fruit for canning are sourced by contracting neighboring farmers, and only the highest graded fruit are canned. Fruit is therefore processed immediately after harvest to avoid degradation. This makes canned fruit production a labor-intensive operation, requiring mass employment of seasonal workers.

The Western Cape is known as South Africa's quality producer of deciduous canned fruit, mainly attributable to its larger processing plants. The Eastern Cape also process apples, pears, and apricots, although it handles limited volumes because of the smaller capacity of its processing plants, which are rather used mainly for juice making. Most of the fresh fruit from this region is therefore transported to fruit canneries in the Western Cape.

The country has four major fruit canners, namely: Ashton Canning in Ashton; Cirio Del Monte in Tulbagh; Rhodes Food Group in Drakenstein; and Langerberg Food International (LFI) in Ashton. Ashton Canning does not own a brand, and produces mainly for M&L Distributors, which has three brands, namely: Farmgirl (produced for Pick and Pay retailers), Lesmel (for Shoprite retailers) and Mayfair (for other retailers). Rhodes trades under the labels: Rhodes, Tartan, and Hazeldene (sold mainly in Woolworths). LFI owns the local brands: KOO and Naturlite, and international brands (Gold Reef and Silver Leaf). Del Monte's brands are Del Monte and Layco. Other fairly new canning entrants are Breede Valley River (2004) and Boland Pulp processors.

LFI merged with Ashton Canning Company to form Newco in September 2005. Tiger Brands, which is the umbrella organization for LFI, acquired two third of shares in Newco, while the rest (1/3) went to Ashton. The merger resulted from the pressure of the strong Rand that caused lower exports of canned deciduous fruit in 2003 and 2004. Therefore we can expect lower production costs and profitable competition within the international markets.

Market Shares for South Africa's major canners for 2004 in percentages (%)		
	Canned fruit	Canned Puree
LFI	53	25
RFF	20	10
Ashton Canning	15	25
Del Monte	12	25
Boland Pulp	0	10
Breede Valley Fruit Processors	0	5
Total	**100**	**100**

South Africa's fruit canners produce five different sizes of canned apricots, peaches, pears, guavas, apples, and fruit cocktail. The canned fruit are halved, sliced, quartered and diced. Packing mediums are sugar syrup, natural fruit juices, and artificial sweeteners. The canners also produce fruit puree, which is produced by pulping the fresh fruit and passing it through evaporation machines. The puree concentrates are then packed only in large plastic bags and steel drums for further processing, and sold to processors of fruit juices, dairy products and jams.

	Western Cape (Ha)	**South Africa Total (Ha)**
Apples	18,176	22,379
Pears	11,501	12,777
Apricots	4,234	4,738
Cling Peaches	7,948	8,229
Total	**41,859**	**48,123**

OABS,2004

Production Subcategory

In 2005, the South African fruit industry suffered losses because of both bad climatic factors and global glut. We expect more local farmers to be insolvent within the next 5 years if the same production situation continues.

South Africa, Republic of
Peaches, Canned
(MT, Net Weight)

	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	134064	134064	112,811	111000	111000	85,492	0	0	100,000
Beginning Stocks	10063	10063	10,063	5363	5363	19532	4863	4863	5674
Production	85800	85800	98,403	71000	71000	69,892	0	0	90,000
Imports	500	500	207	500	500	250	0	0	250
Total Supply	**96363**	**96363**	**108673**	**76863**	**76863**	**89674**	**4863**	**4863**	**95,924**
Exports	73000	73000	71,141	55000	55000	73,000	0	0	70,000
Domestic Consumption	18000	18000	18,000	17000	17000	11,000	0	0	15,000
Ending Stocks	5363	5363	19,532	4863	4863	5,674	0	0	10,924
Total Distribution	**96363**	**96363**	**108673**	**76863**	**76863**	**89674**	**0**	**0**	**95,924**

Production figures on the table above are calculated as follows:

	2005	**2006**	**Est. 2007***
Canned peach production	77,150	56,560	70,000
Peach pulp	21,253	13,560	20,000
Total Canned peach Products	**98,403**	**69,892**	**90,000**

Source: South African Deciduous Fruit Canning Industry.
*= Post estimates

South Africa, Republic of
Pears, Canned (MT, Net Weight)

	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	95330	95330	46,749	96000	96000	49,709	0	0	50,000
Beginning Stocks	2887	2887	2,887	2989	2989	9001	3159	3159	11991
Production	31300	31300	32,334	31500	31500	32,470	0	0	32,000
Imports	20	20	7	20	20	20	0	0	20
Total Supply	**34207**	**34207**	**35228**	**34509**	**34509**	**41491**	**3159**	**3159**	**44011**
Exports	27900	27900	22,909	28000	28000	26,000	0	0	28,000
Domestic Consumption	3318	3318	3318	3350	3350	3,500	0	0	4,500
Ending Stocks	2989	2989	9,001	3159	3159	11,991	0	0	11,511
Total Distribution	**34207**	**34207**	**35228**	**34509**	**34509**	**41491**	**0**	**0**	**44011**

Production figures on the table above are calculated as follows:

	2005	2006	Est. 2007*
Canned pear production	21,022	22,349	24,000
Pear pulp	11,312	10,121	8,000
Total Canned pear Products	**32,334**	**32,470**	**32,000**

Source: South African Deciduous Fruit Canning Industry.
*= Post estimates

South Africa, Republic of Canned Apricots (MT, Net Weight)									
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	33391	33394	28,207	0	46000	40,316	0	0	40,000
Beginning Stocks	22840	22816	22840	0	17546	20336	0	16076	29158
Production	25700	25700	28,050	0	35400	44,990	0	0	40,000
Imports	20	30	12	0	30	20	0	0	20
Total Supply	**48560**	**48546**	**50902**	**0**	**52976**	**65346**	**0**	**16076**	**69178**
Exports	26600	23000	20,566	0	28700	21,188	0	0	25,000
Domestic Consumption	7700	8000	10,000	0	8200	15,000	0	0	15,000
Ending Stocks	14260	17546	20,336	0	16076	29,158	0	0	29,178
Total Distribution	**48560**	**48546**	**50902**	**0**	**52976**	**65346**	**0**	**0**	**69178**

Production figures on the table above are calculated as follows:

	2005	2006	Est. 2007*
Canned apricot production	23,063	32,962	30,000
Apricot pulp	4,987	12,028	10,000
Total Canned apricot Products	**28,050**	**44,990**	**40,000**

Source: South African Deciduous Fruit Canning Industry.
*= Post estimates

South Africa, Republic of Canned Mixtures (MT, Net Weight)									
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	251902	262788	279,818	0	253000	271,826	0	0	290,000
Beginning Stocks	8045	8238	8,045	0	4168	2947	0	3508	3640
Production	32700	34200	34,820	0	32900	41,718	0	0	40,000
Imports	130	130	142	0	140	140	0	0	100
Total Supply	**40875**	**42568**	**43007**	**0**	**37208**	**44805**	**0**	**3508**	**43740**
Exports	30700	33000	35,860	0	29000	36,965	0	0	35,000
Domestic Consumption	4200	5400	4,200	0	4700	4,200	0	0	4,000
Ending Stocks	5975	4168	2,947	0	3508	3,640	0	0	4,740
Total Distribution	**40875**	**42568**	**43007**	**0**	**37208**	**44,805**	**0**	**0**	**43740**

Consumption

The local markets receive about 20% of canned deciduous fruit production annually, which are sold to large retail chains, namely: Pick n Pay, Shoprite Checkers and Spar; or through wholesalers; Metro and Massmart, or the food service market; mainly commercial caterers like Caterplus (see under the heading: Marketing).

According to the National Agricultural Marketing Council's consumer price index for food (CPIF), local price for sliced tinned peaches (410g) dropped by 7.9%, pears halves (410g) remained fairly stable, and a tin of apricot jam (450g) decreased 3.2% in a period from April 2005 to April 2006.

Average prices paid by fruit processors for fresh apples reached US $ 54.11/MT in 2004/5, an increase of 1.4% from the previous season. Average prices for fresh pears for processing reduced slightly (0.9%) to amount to US $ 77.89/ MT, while prices for both fresh apricots and peaches reduced by 11% to amount to US $161.50/ MT and US $ 163.94/ MT respectively.

Trade

The deciduous canned fruit industry exports 80% of its products annually, mainly to the Far East, Europe and America.

South Africa's leading exporter of branded choice deciduous canned fruit is Tiger Brands, which export mainly to the Far East and Europe under their export brands: Gold Reef, Silver Leaf, and Koo.

In 2005, the canned deciduous fruit exports decreased because of the impacts of both a stronger Rand and larger fresh fruit production from the EU after two years of poor production. Fruit markets for South African products were poor in Europe, Japan, Russia, Canada and the Far East. However, market shares increased in the Far East, Mozambique and Zambia.

South Africa's import of canned deciduous fruit products is insignificant (at about 1%) and is made up mostly of fruit puree from Greece and China.

Trade Subcategory

Canned Apricots						
Time Period	Jan-Dec					
Exports for:	2004		2005		% change	% change
	MT	US$ MIL.	MT	US$ MIL	MT	US$
U.S.	156	0.14	324	1.89	207.7	214.0
Others						
Germany	7,690	8.57	6,277	6.35	-19.0	-25.9
U.K.	2,828	3.23	2,585	2.97	-8.6	-8.1
Netherlands	3,116	2.79	2,104	1.88	-32.5	-36.2
Australia	2,673	2.89	2,075	2.22	-22.4	-23.2
Japan	1,728	1.92	1,570	1.58	-9.14	-17.7
New Zealand	1,298	1.36	1,126	1.24	-13.3	-8.8
France	809	0.96	803	0.92	-0.7	-4.2
Switzerland	1,134	0.87	780	0.78	-31.2	-10.4
Belgium	845	0.93	559	0.64	-33.9	-31.2
Canada	370	0.41	445	0.48	20.3	-17.1
Total	**22,491**	**23.93**	**18,324**	**19.06**		
Others unlisted	**3,375**	**2.79**	**1,918**	**0.49**		
Grand Total	**26,022**	**26.86**	**20,566**	**21.44**	**-21.0**	**-20.2**

Source: WTA

Canned Peaches						
Time Period	Jan-Dec		Jan-Dec			
Exports for:	2004		2005		% change	% change
	MT	US$mil	MT	US$mil	MT	US $
U.S.	2,282	1.82	1,128	0.97	-50.6	-49.5
Others						
Japan	14,885	14.99	12,697	12.32	-14.7	-17.8
Hong Kong	5,779	5.77	6,709	6.48	16.1	12.3
Russia	1,647	1.62	5,631	1.21	341.9	-25.3
Netherlands	4,865	4.29	5,606	5.11	15.2	19.1
U.K.	5,467	6.64	4,719	5.65	13.9	-14.9
Canada	2,638	2.57	4,139	2.83	56.9	10.1
Thailand	6,627	3.93	4,010	2.36	39.5	-40.0
Germany	6,120	5.90	3,472	4.66	43.3	-21.0
Australia	2,829	2.57	3,321	3.31	17.4	28.8
Korea, South	1,999	1.94	2,783	2.52	39.2	29.9
Total Listed	**52,856**	**50.22**	**53,087**	**46.45**		
Total unlisted	**15,315**	**15.77**	**16,926**	**17.20**		
Grand Total	**70,453**	**67.81**	**71,141**	**64.62**	**1.0**	**-4.7**

Source: WTA

Canned Pears						
Time Period	Jan-Dec		Jan-Dec			
Exports for:	2004		2005		% change	% change
	MT	US$mil	MT	US$mil	MT	US$
U.S.	698	0.61	257	0.20	63.2	-67.2
Others						
U.K.	6,305	4.72	4,698	5.46	-25.5	15.7
Japan	3,766	4.05	2,907	3.0	-22.8	-25.9
Netherlands	851	0.56	2,018	1.24	237.1	221.4
Germany	2,932	2.82	1,832	1.89	-37.5	-33.0
Switzerland	1,675	1.77	1,818	1.69	8.5	-4.5
Thailand	2,260	2.14	1,735	1.64	-23.2	-23.4
Canada	1,026	0.98	1,464	1.12	42.7	14.3
Belgium	1,168	1.21	1,275	1.39	9.2	15.0
France	1,023	1.04	1,069	1.07	4.5	2.3
Australia	654	0.61	819	0.80	25.2	31.2
Total Listed	**21,660**	**19.9**	**19,634**	**19.3**		
Total unlisted	**2,869**	**2.62**	**3,018**	**2.44**		
Grand Total	**25,226**	**23.13**	**22,909**	**21.94**	**-9.2**	**-5.1**

Source: WTA

Canned Mixtures						
Time Period	Jan-Dec		Jan-Dec			
Exports for:	2004		2005		% change	% change
	MT	US$mil	MT	US$mil	MT	US$
U.S.	785	0.85	408	0.49	-48.0	-42.0
Others						
Japan	5,761	6.46	5,355	5.78	-7.1	-10.5
Canada	2,552	2.73	4,732	3.35	85.0	22.7
U.K.	2,804	3.79	3,884	7.16	38.5	88.9
Switzerland	2,458	2.87	2,686	3.15	9.3	9.8
Singapore	1,823	2.01	2,383	2.72	30.7	35.3
Australia	903	1.00	2,217	2.57	245.5	257.0
Germany	1,803	2.14	1,988	2.45	10.3	14.5
Belgium	1,561	1.82	1,803	2.35	16.0	27.5
Austria	1,636	1.89	1,566	1.71	-4.0	-9.5
Netherlands	935	1.09	979	1.05	4.7	-3.7
Total Listed	**22,236**	**25.80**	**27,593**	**32.29**		
Total unlisted	**8,207**	**9.30**	**7,859**	**9.39**		
Grand Total	**31,228**	**35.95**	**35,860**	**42.17**	**15.0**	**17.3**

Source: WTA

Policy

(NO CHANGE FROM THE PREVIOUS REPORT: SF 6005)

The Department of Trade and Industry approved the establishment of an export council, the South African Fruit and Vegetable Canner's Export Council (SAFVCEC), which is a section 21 Company that will be managed by the Canners Association (SAFVCA). However, membership will be extended to all export-oriented stakeholders in the canning industry.

Requirements for imported canned products :

Imported canned food products comply with the local legislation for canned products.
Below are some of the specific requirements of the rule:

Restrictions on the sale of canned fruit

Canned fruit should comply with the applicable grades for each canned fruit product. All grades of canned fruit should be prepared from fresh, clean and washed fruit, and be free from any foreign substances, excluding extraneous vegetable matter and permitted food additives. Grades should be either - extra choice, choice, standard, substandard, or manufacturer, and should comply with the specific quality standards *per* product.

Canned fruit packs should be presented as either regular - consisting of fruit packed in a packing medium; heavy - consisting of crushed style fruit with/without sweetening ingredients and consisting of at least 73% drained mass; or solid - consisting of all fruit with very little or no free flowing liquid. Any other presentation of the canned product shall be permitted provided that it is sufficiently distinctive from other forms; meets all other requirements of the regulations and closely resembles that particular style, or is adequately described on the label to avoid confusing/misleading the consumer.

The packing media should be either water – as a sole medium; water and juice(s) – water and juice from the from the same fruit or water and any other single/more juices combined in any proportion to form a packing medium; or fruit juice(s) – juice from the same fruit or compatible fruit as the sole medium/ two to more compatible fruit juices combined to form the packing medium. If more juices are mixed, the juices should be pulpy, turbid or clear. The packing media should be declared as one of the following - “packed in water”; “in water”; packed in water and ‘x’ juice(s); “in water and ‘x’ juice(s); packed in ‘x’ juice(s); or “in ‘x’ juice(s) where ‘x’ indicates the name (s) of the specific juice (s). The packing medium may contain permitted nutritive sweeteners or non-nutritive sweeteners and flavorants. The packing media having permitted nutritive sweeteners should further be classified as very light syrup (9 degree Brix but less than 14 degree Brix); light syrup (14 degree Brix but less than 18 degree Brix); Syrup (16 degree Brix but less than 20 degree Brix); heavy syrup (not less than 18 degree Brix). Any product addition should comply with the limits, unless 33.3% of containers in an inspection sample may deviate by 1 degree Brix. The packing medium with permitted non-nutritive sweeteners should be declared as “packed in water sweetened with non-nutritive sweeteners”, “in water sweetened with non-nutritive sweeteners”, “packed in water with ‘x’ ’’, or “in water sweetened with ‘x’, where ‘x’ indicates the name (s) of the specific non-nutritive sweetener(s).

Containers for canned fruit should be intact, clean, suitable and strong enough for the packaging and normal handling of the canned, and re-usable containers sterilized. Containers should also be rust-free with no serious dents or disorders that may be detrimental to the product quality; not emits any undesirable taste/odour to the product; and Should be closed properly and in a manner permitted by its nature.

Canned fruit of different kinds, grades, or styles should not be packed in the same container or outer container, unless otherwise specified within the regulations. The Manufacturer’s Grade should be packed in A10 or larger containers. The composition of the unspecified canned fruit mixes should be listed in descending order and sent together with the proposed quality standards, to the Executive Officer for approval.

Canned fruit containers should be clearly and legibly marked or labeled with – A code mark indicating the name of the canning industry, the product, and the date of manufacturer - and approved by the Executive Officer; the name of the trade mark of the manufacturer/packer; the physical address of the manufacturer/packer; a panel indicating true description of the contents and ingredients; A product name declaring the packing medium or the packing medium in close proximity to the product name; the grade, unless “Caterers Grade” is used instead of “Manufacturers Grade”; the net mass of the contents as required by the Trade Metrology Act, 1973; “Product of” followed by the full name and country of origin. An outer container should indicate the number of containers packed. Additional information can be accessed at: www.nda.agric.za

Marketing

Canned deciduous fruit products and other food products are sold locally in large hypermarkets and supermarkets, wholesalers and retailers. South Africa’s major local food markets are: Checkers (23 hypermarkets and 95 supermarkets in 2004); U-Save Shoprite (84 stores), OK Branded stores (104 franchises, consisting of 24 Food Outlets, 45 OK Stores, and 35 MiniMark outlets); Shoprite (93 stores); 56 Megasave wholesale stores and Sentra and Value stores. The new OK is a merge between Shoprite, the former OK, and Sentra organizations.

The table below indicates average retail prices for canned fruit, as in October 4, 2006.

CHOICE GRADED	MASS	PRICES (US $)
Fruit Cocktail (in syrup)	415g Nett Mass; 250g drained mass	1.28
Peach slices (in syrup)	420g Nett Mass; 250g drained mass	1.00
Apricots halves (in syrup)	420g Nett Mass; 235g drained mass	1.06
Pear halves (in syrup)	420g Nett Mass; 230g drained mass	1.06

Source: Post study

The canned deciduous fruit industry plans to increase their export markets by creating strong brands especially in Africa.

Marketing Subcategory

The fruit industry indicates that producer export revenues remained stagnant in 2005 because of lower prices due to: price fixing from Europe’s large supermarkets; SPS issues that increased shipping costs especially to China; and increasing local packaging costs.